Opening Statement for
Senator Carl Levin (D-Mich.)
Before
Permanent Subcommittee on Investigations
on
An Assessment of U.S. Efforts to Secure the Global Supply Chain

March 30, 2006

Each year, about 11 million shipping containers enter U.S. sea ports, another 11 million containers enter the United States by truck, and another 2 million by rail. Each week, 52,000 commercial trucks carrying containers cross from Canada into Michigan. Detroit is the number one entry point in the whole country for containers carried on trucks; Port Huron is the number four entry point. The vast majority of these containers are never physically inspected. The challenge facing our country is what to do to address the national security threats posed by these containers.

The Chairman is to be commended for focusing this Subcommittee's attention on this critical national security problem. The hearing held earlier this week concentrated on the specific problem of stopping the illegal transport of nuclear and radiological materials across U.S. borders. Today's hearing focuses on the two key programs which, in the words of the Customs and Border Protection of the Department of Homeland Security, are designed to "push out our borders" and inspect containers before they reach our shores. These programs are the Container Security Initiative (CSI) and the Customs Trade Partnership Against Terrorism (C-TPAT). Both programs were the subject of a Subcommittee hearing last year. Today's hearing and Subcommittee staff report continue that oversight effort.

The Subcommittee staff has conducted a bipartisan and bicameral investigation into U.S. government programs designed to secure the global supply chain. The Subcommittee's three year investigation has included document requests and letters from the Subcommittee, staff assessments of ten ports, and numerous meetings with both foreign and agency officials. The report released today identifies improvements needed in the key Customs programs, to address such problems as low inspection rates of high risk containers, the security of shippers' supply chains, and the effectiveness of the Automated Targeting System (ATS) used to identify high-risk containers. The Subcommittee staff report also makes recommendations with regard to a key security risk facing our nation: trash coming into the U.S. in containers that are not effectively examined.

The Subcommittee staff report confirms that a minimal number of containers are currently inpsected either domestically or overseas. At foreign CSI ports, 0.38% of containers were screened with either x-ray equipment or a physical exam, and only 2.8% of containers were screened with a radiation portal monitor. When U.S. and overseas data are combined, the data shows that Customs examines just 5.4% of containers either physically or with an x-ray, and uses a radiation portal monitor to screen less than 40% of incoming cargos. The Subcommittee report

found that Customs teams at 3 ports (France, Japan, and the U.K) referred a disturbingly low percentage of high risk shipments for examinations.

Another disturbing finding of the staff report is that the Automated Targeting System (ATS), the backbone of Customs' security assessments, does not work as it should. Customs uses ATS to assign a risk score to each shipping container bound for the United States. The Subcommittee staff found that the ATS scoring system has never been audited or validated to establish its effectiveness. Moreover, the data shows that ATS scores result in such a large number of containers being designated as high risk, that U.S. Customs officials stationed at CSI ports often fail to request that each of the high-risk shipments be examined. If ATS designations are identifying too many containers for examination and U.S. Customs officials using the system are forced to apply their own criteria to select which cargos should actually be inspected at foreign ports, the current ATS is not functioning as intended. It needs to be either immediately refined or replaced since it is the backbone of the system.

The C-TPAT program presents a different set of problems. C-TPAT confers a range of benefits on participants, many of which result in faster shipments. When C-TPAT first started, it conferred these benefits on all participating importers immediately upon receiving their application to join the program, and prior to ensuring the participant was meeting the program's security standards. After the Subcommittee hearing in May questioned this approach, Customs changed its practice. Customs now reviews the security information of a C-TPAT applicant before allowing the applicant into the first "tier" of the program, which is an important improvement. The Subcommittee staff report also notes, however, that the validation process being used by Customs examines only one supply chain for each program participant, even for companies that use multiple supply chains. To get a more realistic analysis of each participant's security practices, the Subcommittee report recommends that Customs examine more than one supply chain at more than one supply point.

The Subcommittee staff report also addresses a key security issue affecting my home state of Michigan, the importation of containers carrying trash. Since 1998, Canada has shipped hundreds of thousands of trash containers across U.S. borders. According to the Department of Homeland Security Inspector General's office, in 2004 alone, Canada shipped approximately 100,000 containers of trash into Michigan, an 8 percent increase over 2003. In addition, another 10,000 containers of trash crossed through 9 other ports of entry on both the Northern and Southern borders. During that period, U.S. Customs officials have uncovered a number of instances in which Canadian trash containers carried more than just trash into the United States. In fact, the DHS Inspector General has determined that, from 2003 to 2004, Canadian trash containers have brought into the United States illegal drugs, medical waste, and illegal currency.

Trash containers pose inherent difficulties in terms of supply chain security, because it is difficult to trace the source and content of trash cargos with any confidence. Even a trash importer with the best intentions is unable to monitor what is being transported in particular trash containers each day. With other cargoes, it is possible to know the content and to trace the origin, mid-course and ending point of the journey of the cargo, and then to take steps to monitor

and ensure the security of the supply chain. Until a similar system is established for the supply chain of trash importers, DHS must take additional security precautions before allowing trash containers to enter the United States.

In addition, current technology cannot produce useable x-ray images of a trash cargo, due to its density and lack of uniform content. This chart shows the x-ray image produced by a trash container at a Michigan border crossing. While other materials, such as concrete or bricks, are equally as dense, they are uniform and easily inspected. These products also contribute positively to the U.S. economy. Their introduction into the flow of commerce, for example, provides building materials and helps create new jobs. Concrete and bricks also pose lower security risks, since, unlike trash, their supply chains can be more easily monitored and made secure. In contrast, the security risk of trash cargos and the costs associated with reducing that risk far outweigh any conceivable economic benefit.

Two years ago, the security problems associated with trash containers crossing U.S. borders without effective screening technology led me, along with Senator Debbie Stabenow, and Congressman John Dingell, to ask the DHS Inspector General's office to review the effectiveness of Customs' screening methods. The Inspector General's disturbing report, released in January of this year in an "official use only" version, identifies flaws and vulnerabilities associated with current methods to screen containers entering the United States. The Subcommittee has decided to release other official use material today; this report should also be made available.

Based upon its investigation, the Subcommittee staff report makes the following recommendations, all of which I strongly endorse:

- **Ban Trash Imports.** Until U.S. Customs can ensure that the supply chain of a trash importer is secure and develops protocols ensuring adequate inspection of trash containers, Customs should not allow trash containers to enter the United States.

- **Adopt Moratorium.** Banning trash imports is the right answer to protect U.S. security. If a ban is not imposed, at a minimum, DHS should immediately adopt the DHS Inspector General's recommendation to conduct a risk analysis and develop minimum requirements for selecting and inspecting Canadian trash containers. Until those steps are taken, Customs should place a moratorium on allowing trash containers into the United States.

- **Impose inspection Fees.** If a trash import ban is not imposed, Congress should enact into law the provisions recently adopted by the U.S. Senate to impose a fee on international shipments of trash to pay for a more rigorous inspection regime to protect U.S. citizens from security risks currently associated with trash containers.

I thank the Chairman for taking a close look at the problem of Canadian trash being imported into this country. As the DHS Inspector General has pointed out, it is a serious security risk for the country. I also commend the Chairman for his leadership in tackling the complex national security threats associated with container security in general.

#